



**PERRY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-09
January 30, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Perry County, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Perry County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- In December 2000 and 1999, the County Commission amended various county budgets to reflect increased expenditures made during the year. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Perry County's Associate County Commissioners' salaries were each increased approximately \$4,100 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,200 for the two years ended December 21, 2000, should be repaid.

- The Prosecuting Attorney's office needs to improve controls over the processing of cash receipts and subsequent disbursements related to bad check and court ordered restitutions.

(over)

SHEET
MOTLEY
YELLOW

- The county needs to establish billing rates appropriate for housing inmates in the county jail, solicit bids for meals provided to inmates and enter into written contracts for all such services.

All reports are available on our website: www.auditor.state.mo.us

PERRY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Perry County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Perry County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 27, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Perry County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

September 27, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Douglas P. Robinson
Audit Staff:	Carl E. Zilch, Jr.
	Kate Petschonek
	Chris Vetter



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Perry County, Missouri

We have audited the special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Perry County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Perry County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Perry County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 27, 2001

Financial Statements

Exhibit A

PERRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 503,917	2,047,768	2,034,822	516,863
Special Road and Bridge	552,915	1,265,460	1,434,716	383,659
Assessment	28,273	183,292	183,564	28,001
Law Enforcement Training	3,795	5,191	7,803	1,183
Prosecuting Attorney Training	5,245	1,249	85	6,409
Health Center	217,873	719,143	683,180	253,836
Mental Health	146,971	205,196	134,060	218,107
Landfill/Transfer Station	27,689	567,169	462,556	132,302
911 Emergency	214,779	189,271	141,473	262,577
Prosecuting Attorney Bad Check	4,992	15,012	16,464	3,540
Senate Bill 40	153,504	203,252	234,576	122,180
Law Library	1,231	9,278	6,769	3,740
Recorder's User Fees	19,852	9,174	14,935	14,091
Associate Circuit Division Interest	3,425	1,683	0	5,108
Circuit Division Interest	2,218	1,922	18	4,122
Sheriff's Reserve	2,304	50	99	2,255
Commissary	5,962	10,263	9,678	6,547
Sheriff's Civil Fees	36,214	27,017	34,747	28,484
Local Park Sales Tax	531,274	951,726	914,505	568,495
Perry County Health Center Building	2,768	36,792	36,675	2,885
FEMA 404 Buyout	3,787	0	3,787	0
Election Services	0	1,380	0	1,380
Total	\$ 2,468,988	6,451,288	6,354,512	2,565,764

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

PERRY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 347,061	1,951,712	1,794,856	503,917
Special Road and Bridge	432,237	1,286,621	1,165,943	552,915
Assessment	17,005	174,026	162,758	28,273
Law Enforcement Training	3,217	4,832	4,254	3,795
Prosecuting Attorney Training	4,263	1,033	51	5,245
Health Center	171,630	682,255	636,012	217,873
Mental Health	67,608	196,697	117,334	146,971
Landfill/Transfer Station	(14,632)	562,543	520,222	27,689
911 Emergency	117,864	177,038	80,123	214,779
Prosecuting Attorney Bad Check	17,578	12,642	25,228	4,992
Senate Bill 40	103,258	195,633	145,387	153,504
Law Library	1,583	9,265	9,617	1,231
Recorder's User Fees	14,147	10,339	4,634	19,852
Associate Circuit Division Interest	2,684	741	0	3,425
Circuit Division Interest	958	1,349	89	2,218
Sheriff's Reserve	2,568	2,300	2,564	2,304
Commissary	5,909	8,524	8,471	5,962
Sheriff's Civil Fees	27,808	23,638	15,232	36,214
Local Park Sales Tax	547,489	911,165	927,380	531,274
Perry County Health Center Building	2,693	36,750	36,675	2,768
Multi-Purpose Building	0	652,307	652,307	0
CDBG Buyout	23,725	1,280	25,005	0
FEMA 404 Buyout	3,787	0	0	3,787
Total	\$ 1,900,440	6,902,690	6,334,142	2,468,988

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,453,822	6,451,288	(2,534)	6,493,866	6,901,410	407,544
DISBURSEMENTS	6,797,999	6,350,725	447,274	6,652,837	6,309,137	343,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(344,177)	100,563	444,740	(158,971)	592,273	751,244
CASH, JANUARY 1	2,465,001	2,465,201	200	1,872,728	1,872,928	200
CASH, DECEMBER 31	2,120,824	2,565,764	444,940	1,713,757	2,465,201	751,444
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	404,000	388,869	(15,131)	383,000	402,528	19,528
Sales taxes	900,000	971,394	71,394	835,000	892,624	57,624
Intergovernmental	170,900	203,525	32,625	207,397	200,649	(6,748)
Charges for services	278,523	245,821	(32,702)	252,500	261,788	9,288
Interest	20,000	37,084	17,084	15,000	31,654	16,654
Other	140,350	166,075	25,725	155,000	129,469	(25,531)
Transfers in	35,000	35,000	0	33,000	33,000	0
Total Receipts	1,948,773	2,047,768	98,995	1,880,897	1,951,712	70,815
DISBURSEMENTS						
County Commission	81,425	82,286	(861)	77,610	77,745	(135)
County Clerk	83,632	81,884	1,748	77,633	75,268	2,365
Elections	53,700	41,686	12,014	25,000	1,123	23,877
Buildings and grounds	146,561	145,107	1,454	135,475	132,706	2,769
Employee fringe benefits	230,500	221,898	8,602	215,100	199,808	15,292
County Treasurer	30,176	29,705	471	28,821	28,766	55
County Collector	67,582	67,627	(45)	63,314	62,667	647
Circuit Clerk	58,030	53,474	4,556	56,333	56,742	(409)
Associate Circuit Court	5,500	5,336	164	6,000	4,576	1,424
Court administration	38,737	28,772	9,965	34,300	32,029	2,271
Public Administrator	13,700	14,423	(723)	12,750	13,632	(882)
Sheriff	357,000	353,343	3,657	276,948	287,909	(10,961)
Jail	182,780	198,737	(15,957)	166,316	170,352	(4,036)
Prosecuting Attorney	93,791	95,611	(1,820)	87,520	87,501	19
Juvenile Officer	69,480	69,480	0	108,333	92,145	16,188
County Coroner	16,275	16,107	168	14,875	10,465	4,410
Dispatch Operations	128,301	126,590	1,711	118,686	117,618	1,068
University Extension Service	31,388	32,478	(1,090)	31,386	31,103	283
Perry County IDA	47,500	36,000	11,500	46,000	46,000	0
Debt service	38,962	38,962	0	38,962	38,962	0
Other	286,986	266,610	20,376	226,761	205,470	21,291
Emergency Fund	58,500	28,706	29,794	56,500	22,269	34,231
Total Disbursements	2,120,506	2,034,822	85,684	1,904,623	1,794,856	109,767
RECEIPTS OVER (UNDER) DISBURSEMENTS	(171,733)	12,946	184,679	(23,726)	156,856	180,582
CASH, JANUARY 1	503,917	503,917	0	347,061	347,061	0
CASH, DECEMBER 31	332,184	516,863	184,679	323,335	503,917	180,582

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	612,000	599,276	(12,724)	513,000	604,305	91,305
Intergovernmental	729,000	551,991	(177,009)	522,960	551,750	28,790
Charges for services	50,000	62,695	12,695	40,000	63,850	23,850
Interest	25,000	42,931	17,931	30,000	30,431	431
Other	21,825	8,567	(13,258)	17,325	36,285	18,960
Total Receipts	1,437,825	1,265,460	(172,365)	1,123,285	1,286,621	163,336
DISBURSEMENTS						
Salaries	330,000	326,658	3,342	298,000	284,264	13,736
Employee fringe benefits	96,500	90,572	5,928	89,000	79,207	9,793
Supplies	82,500	85,090	(2,590)	74,000	72,242	1,758
Insurance	16,000	12,596	3,404	15,000	15,209	(209)
Road and bridge materials	40,000	32,204	7,796	31,000	38,719	(7,719)
Equipment repairs	101,500	123,385	(21,885)	91,000	83,561	7,439
Rentals	500	0	500	500	0	500
Equipment purchases	201,000	207,060	(6,060)	101,000	71,886	29,114
Construction, repair, and maintenance	546,500	325,158	221,342	412,100	404,216	7,884
Debt service	56,000	46,692	9,308	0	0	0
Other	93,000	150,301	(57,301)	77,350	83,639	(6,289)
Transfers out	35,000	35,000	0	33,000	33,000	0
Total Disbursements	1,598,500	1,434,716	163,784	1,221,950	1,165,943	56,007
RECEIPTS OVER (UNDER) DISBURSEMENTS	(160,675)	(169,256)	(8,581)	(98,665)	120,678	219,343
CASH, JANUARY 1	552,915	552,915	0	432,237	432,237	0
CASH, DECEMBER 31	392,240	383,659	(8,581)	333,572	552,915	219,343
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	220,596	175,487	(45,109)	158,462	168,200	9,738
Interest	3,000	4,385	1,385	2,500	2,796	296
Other	3,000	3,420	420	2,500	3,030	530
Total Receipts	226,596	183,292	(43,304)	163,462	174,026	10,564
DISBURSEMENTS						
Assessor	249,391	183,564	65,827	163,462	162,758	704
Total Disbursements	249,391	183,564	65,827	163,462	162,758	704
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,795)	(272)	22,523	0	11,268	11,268
CASH, JANUARY 1	28,273	28,273	0	17,005	17,005	0
CASH, DECEMBER 31	5,478	28,001	22,523	17,005	28,273	11,268

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,600	1,524	(76)	2,000	1,561	(439)
Charges for services	3,300	3,521	221	3,300	3,134	(166)
Interest	100	146	46	120	137	17
Total Receipts	5,000	5,191	191	5,420	4,832	(588)
DISBURSEMENTS						
Sheriff	7,700	7,803	(103)	5,100	4,254	846
Total Disbursements	7,700	7,803	(103)	5,100	4,254	846
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,700)	(2,612)	88	320	578	258
CASH, JANUARY 1	3,795	3,795	0	3,217	3,217	0
CASH, DECEMBER 31	1,095	1,183	88	3,537	3,795	258
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	850	891	41	750	802	52
Interest	250	358	108	150	231	81
Total Receipts	1,100	1,249	149	900	1,033	133
DISBURSEMENTS						
Prosecuting Attorney	250	85	165	600	51	549
Total Disbursements	250	85	165	600	51	549
RECEIPTS OVER (UNDER) DISBURSEMENTS	850	1,164	314	300	982	682
CASH, JANUARY 1	5,245	5,245	0	4,263	4,263	0
CASH, DECEMBER 31	6,095	6,409	314	4,563	5,245	682
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property Tax	346,000	369,364	23,364	344,000	368,913	24,913
Intergovernmental	291,000	287,093	(3,907)	231,650	255,026	23,376
Charges for services	35,000	42,904	7,904	25,000	39,584	14,584
Interest	10,000	17,411	7,411	10,000	14,569	4,569
Other	1,000	2,371	1,371	350	4,163	3,813
Total Receipts	683,000	719,143	36,143	611,000	682,255	71,255
DISBURSEMENTS						
Salaries	427,000	420,882	6,118	394,000	400,015	(6,015)
Employee fringe Benefits	94,200	97,961	(3,761)	89,000	84,606	4,394
Office expenditures	17,000	20,280	(3,280)	16,500	15,468	1,032
Equipment purchases	9,000	13,647	(4,647)	6,000	5,001	999
Mileage and training	24,000	19,967	4,033	21,000	22,193	(1,193)
Contract services	33,000	38,797	(5,797)	34,700	31,672	3,028
Other	57,800	50,638	7,162	54,500	56,049	(1,549)
Transfers out	21,000	21,008	(8)	21,100	21,008	92
Total Disbursements	683,000	683,180	(180)	636,800	636,012	788
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	35,963	35,963	(25,800)	46,243	72,043
CASH, JANUARY 1	217,673	217,873	200	171,430	171,630	200
CASH, DECEMBER 31	217,673	253,836	36,163	145,630	217,873	72,243

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>MENTAL HEALTH FUND</u>						
RECEIPTS						
Property Tax	188,000	188,416	416	170,000	187,778	17,778
Intergovernmental	1,200	591	(609)	1,500	1,206	(294)
Interest	5,000	16,116	11,116	2,500	7,645	5,145
Other	1,000	73	(927)	500	68	(432)
Total Receipts	195,200	205,196	9,996	174,500	196,697	22,197
DISBURSEMENTS						
Contract services	90,000	83,800	6,200	83,800	83,854	(54)
Office expenditures	21,750	15,792	5,958	21,750	13,532	8,218
Equipment purchases	20,000	11,995	8,005	20,000	514	19,486
Other	20,000	6,805	13,195	17,000	3,766	13,234
Transfers out	16,000	15,668	332	16,000	15,668	332
Total Disbursements	167,750	134,060	33,690	158,550	117,334	41,216
RECEIPTS OVER (UNDER) DISBURSEMENTS	27,450	71,136	43,686	15,950	79,363	63,413
CASH, JANUARY 1	146,971	146,971	0	67,608	67,608	0
CASH, DECEMBER 31	174,421	218,107	43,686	83,558	146,971	63,413
<u>LANDFILL/TRANSFER STATION FUND</u>						
RECEIPTS						
Intergovernmental	0	4,724	4,724	13,219	0	(13,219)
Charges for services	575,000	543,474	(31,526)	500,000	560,280	60,280
Interest	2,000	5,430	3,430	1,000	1,524	524
Other	1,000	3,541	2,541	27,512	739	(26,773)
Transfers in	0	10,000	10,000	11,781	0	(11,781)
Total Receipts	578,000	567,169	(10,831)	553,512	562,543	9,031
DISBURSEMENTS						
Salaries	26,693	26,968	(275)	24,000	24,770	(770)
Employee fringe benefits	8,075	7,373	702	7,500	7,309	191
Office expenditures	2,425	2,550	(125)	2,475	2,037	438
Equipment purchases	13,015	6,916	6,099	13,015	15,931	(2,916)
Methane migration buyout	37,500	2,640	34,860	65,000	72,088	(7,088)
Sanitation	413,800	404,848	8,952	423,300	396,588	26,712
Recycling Center	0	9,761	(9,761)	0	0	0
Other	1,500	1,500	0	1,510	1,499	11
Total Disbursements	503,008	462,556	40,452	536,800	520,222	16,578
RECEIPTS OVER (UNDER) DISBURSEMENTS	74,992	104,613	29,621	16,712	42,321	25,609
CASH, JANUARY 1	27,689	27,689	0	(14,632)	(14,632)	0
CASH, DECEMBER 31	102,681	132,302	29,621	2,080	27,689	25,609

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 EMERGENCY FUND</u>						
RECEIPTS						
Charges for services	175,000	174,059	(941)	163,000	168,484	5,484
Interest	8,000	14,970	6,970	5,000	7,573	2,573
Other	500	242	(258)	500	981	481
Total Receipts	183,500	189,271	5,771	168,500	177,038	8,538
DISBURSEMENTS						
Salaries	29,070	28,889	181	26,720	26,640	80
Employee fringe benefits	6,150	6,500	(350)	6,500	5,699	801
Office expenditures	6,350	5,551	799	7,500	2,717	4,783
Equipment purchases	75,000	50,901	24,099	52,000	42,862	9,138
Mileage and training	3,000	4,370	(1,370)	5,300	1,935	3,365
Capital improvements	44,250	44,009	241	0	0	0
Other	1,750	1,253	497	41,200	270	40,930
Total Disbursements	165,570	141,473	24,097	139,220	80,123	59,097
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,930	47,798	29,868	29,280	96,915	67,635
CASH, JANUARY 1	214,779	214,779	0	117,864	117,864	0
CASH, DECEMBER 31	232,709	262,577	29,868	147,144	214,779	67,635
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	14,000	14,890	890	13,750	12,178	(1,572)
Interest	550	122	(428)	500	464	(36)
Other	0	0	0	250	0	(250)
Total Receipts	14,550	15,012	462	14,500	12,642	(1,858)
DISBURSEMENTS						
Prosecuting Attorney	19,092	16,464	2,628	25,392	25,228	164
Total Disbursements	19,092	16,464	2,628	25,392	25,228	164
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,542)	(1,452)	3,090	(10,892)	(12,586)	(1,694)
CASH, JANUARY 1	4,992	4,992	0	17,578	17,578	0
CASH, DECEMBER 31	450	3,540	3,090	6,686	4,992	(1,694)
<u>SENATE BILL 40</u>						
RECEIPTS						
Property Tax	157,500	188,416	30,916	168,000	187,778	19,778
Intergovernmental	1,215	603	(612)	2,000	1,161	(839)
Interest	6,500	14,233	7,733	7,000	6,694	(306)
Total Receipts	165,215	203,252	38,037	177,000	195,633	18,633
DISBURSEMENTS						
Contract services	150,000	228,360	(78,360)	180,000	108,991	71,009
Equipment purchases	0	795	(795)	0	0	0
Land Acquisition	0	0	0	0	36,024	(36,024)
Other	500	5,421	(4,921)	0	372	(372)
Total Disbursements	150,500	234,576	(84,076)	180,000	145,387	34,613
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,715	(31,324)	(46,039)	(3,000)	50,246	53,246
CASH, JANUARY 1	153,504	153,504	0	103,258	103,258	0
CASH, DECEMBER 31	168,219	122,180	(46,039)	100,258	153,504	53,246

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	9,200	9,240	40	7,700	9,240	1,540
Interest	20	38	18	50	25	(25)
Total Receipts	9,220	9,278	58	7,750	9,265	1,515
DISBURSEMENTS						
Publications	10,000	6,769	3,231	9,000	9,617	(617)
Total Disbursements	10,000	6,769	3,231	9,000	9,617	(617)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(780)	2,509	3,289	(1,250)	(352)	898
CASH, JANUARY 1	1,231	1,231	0	1,583	1,583	0
CASH, DECEMBER 31	451	3,740	3,289	333	1,231	898
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	10,000	8,216	(1,784)	10,000	9,520	(480)
Interest	750	958	208	700	819	119
Total Receipts	10,750	9,174	(1,576)	10,700	10,339	(361)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	21,000	14,935	6,065	15,000	4,634	10,366
Total Disbursements	21,000	14,935	6,065	15,000	4,634	10,366
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,250)	(5,761)	4,489	(4,300)	5,705	10,005
CASH, JANUARY 1	19,852	19,852	0	14,147	14,147	0
CASH, DECEMBER 31	9,602	14,091	4,489	9,847	19,852	10,005
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	700	1,683	983	800	741	(59)
Total Receipts	700	1,683	983	800	741	(59)
DISBURSEMENTS						
Supplies and equipment	2,500	0	2,500	2,500	0	2,500
Total Disbursements	2,500	0	2,500	2,500	0	2,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,800)	1,683	3,483	(1,700)	741	2,441
CASH, JANUARY 1	3,425	3,425	0	2,684	2,684	0
CASH, DECEMBER 31	1,625	5,108	3,483	984	3,425	2,441

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	1,300	1,922	622	900	1,349	449
Total Receipts	1,300	1,922	622	900	1,349	449
DISBURSEMENTS						
Supplies and equipment	2,200	18	2,182	1,200	89	1,111
Total Disbursements	2,200	18	2,182	1,200	89	1,111
RECEIPTS OVER (UNDER) DISBURSEMENTS	(900)	1,904	2,804	(300)	1,260	1,560
CASH, JANUARY 1	2,218	2,218	0	958	958	0
CASH, DECEMBER 31	1,318	4,122	2,804	658	2,218	1,560
<u>SHERIFF'S RESERVE FUND</u>						
RECEIPTS						
Other	2,300	50	(2,250)	2,250	2,300	50
Total Receipts	2,300	50	(2,250)	2,250	2,300	50
DISBURSEMENTS						
Sheriff	2,650	99	2,551	3,000	2,564	436
Total Disbursements	2,650	99	2,551	3,000	2,564	436
RECEIPTS OVER (UNDER) DISBURSEMENTS	(350)	(49)	301	(750)	(264)	486
CASH, JANUARY 1	2,304	2,304	0	2,568	2,568	0
CASH, DECEMBER 31	1,954	2,255	301	1,818	2,304	486
<u>COMMISSARY FUND</u>						
RECEIPTS						
Charges for services	8,585	10,263	1,678	10,490	8,524	(1,966)
Total Receipts	8,585	10,263	1,678	10,490	8,524	(1,966)
DISBURSEMENTS						
Sheriff	10,300	9,678	622	11,140	8,471	2,669
Total Disbursements	10,300	9,678	622	11,140	8,471	2,669
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,715)	585	2,300	(650)	53	703
CASH, JANUARY 1	5,962	5,962	0	5,909	5,909	0
CASH, DECEMBER 31	4,247	6,547	2,300	5,259	5,962	703
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	22,300	25,309	3,009	19,700	21,979	2,279
Interest	1,000	1,708	708	1,300	1,659	359
Total Receipts	23,300	27,017	3,717	21,000	23,638	2,638
DISBURSEMENTS						
Sheriff	45,407	34,747	10,660	31,500	15,232	16,268
Total Disbursements	45,407	34,747	10,660	31,500	15,232	16,268
RECEIPTS OVER (UNDER) DISBURSEMENTS	(22,107)	(7,730)	14,377	(10,500)	8,406	18,906
CASH, JANUARY 1	36,214	36,214	0	27,808	27,808	0
CASH, DECEMBER 31	14,107	28,484	14,377	17,308	36,214	18,906

Exhibit B

PERRY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL PARK SALES TAX FUND</u>						
RECEIPTS						
Sales Tax	895,130	919,744	24,614	850,000	886,141	36,141
Interest	25,000	31,982	6,982	25,000	25,024	24
Total Receipts	920,130	951,726	31,596	875,000	911,165	36,165
DISBURSEMENTS						
City of Perryville	250,000	229,937	20,063	200,000	144,575	55,425
Debt service	750,000	684,568	65,432	500,000	576,405	(76,405)
Transfers out	0	0	0	215,000	206,400	8,600
Total Disbursements	1,000,000	914,505	85,495	915,000	927,380	(12,380)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(79,870)	37,221	117,091	(40,000)	(16,215)	23,785
CASH, JANUARY 1	531,274	531,274	0	547,489	547,489	0
CASH, DECEMBER 31	451,404	568,495	117,091	507,489	531,274	23,785
<u>PERRY COUNTY HEALTH CENTER BUILDING FUND</u>						
RECEIPTS						
Interest	78	117	39	0	75	75
Transfers in	36,675	36,675	0	37,000	36,675	(325)
Total Receipts	36,753	36,792	39	37,000	36,750	(250)
DISBURSEMENTS						
Debt Service	36,675	36,675	0	37,000	36,675	325
Total Disbursements	36,675	36,675	0	37,000	36,675	325
RECEIPTS OVER (UNDER) DISBURSEMENTS	78	117	39	0	75	75
CASH, JANUARY 1	2,768	2,768	0	2,693	2,693	0
CASH, DECEMBER 31	2,846	2,885	39	2,693	2,768	75

Exhibit B

PERRY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	2,000	1,315	(685)			
Interest	25	65	40			
Total Receipts	2,025	1,380	(645)			
DISBURSEMENTS						
Elections	2,000	0	2,000			
Total Disbursements	2,000	0	2,000			
RECEIPTS OVER (UNDER) DISBURSEMENTS	25	1,380	1,355			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	25	1,380	1,355			
<u>MULTI-PURPOSE BUILDING FUND</u>						
RECEIPTS						
Interest				0	3,407	3,407
Other				655,000	442,500	(212,500)
Transfers In				0	206,400	206,400
Total Receipts				655,000	652,307	(2,693)
DISBURSEMENTS						
Construction				468,000	465,307	2,693
City of Perryville				187,000	187,000	0
Total Disbursements				655,000	652,307	2,693
RECEIPTS OVER (UNDER) DISBURSEMENTS				0	0	0
CASH, JANUARY 1				0	0	0
CASH, DECEMBER 31				0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

PERRY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Perry County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, the Senate Bill 40 Board, the Mental Health Center Board, or the Sanitary Landfill Committee. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the Federal Emergency Management Agency 404 Buyout Fund for the years ended December 31, 2000 and 1999, and for the Community Development Block Grant Buyout Fund for the year ended December 31, 1999.

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Training Fund	2000
Health Center Fund	2000
Senate Bill 40 Fund	2000
Law Library Fund	1999
Local Park Sales Tax Fund	1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund. The county's published financial statements for the years ended December 31, 2000 and 1999, included all funds presented in the accompanying financial statements.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the bank balance at December 31, 2000, \$2,812,830 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name and \$7,107,323 was covered by collateral pledged by the depositary bank and held by an independent bank but not in the County's name.

The county's deposits at December 31, 1999, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board and Senate Bill 40 Board's deposits at December 2000 and 1999 were entirely covered by federal depositary insurance.

Schedule

PERRY COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

PERRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Perry County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1 Budgetary Procedures

Formal budgets were not prepared for some county funds.

Recommendation:

The County Clerk implement procedures to ensure budgets are prepared for all funds, including those funds controlled by other county officials.

Status:

Implemented.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

PERRY COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Perry County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 27, 2001.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Perry County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings. These findings resulted from our audit of the special-purpose financial statements of Perry County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgetary Practices

On December 18, 2000 and December 16, 1999, the County Commission amended various county budgets to reflect increased expenditures made during the year. Prior to the amendment of these budgets, expenditures had already exceeded the original budget. Amendments made after expenditures have exceeded the budget do not allow for the budget to be used as an effective management tool.

It was ruled in *State ex rel Strong v. Cribb* 364 Mo. 1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.662, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted.

To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

WE RECOMMEND the County Commission ensure budget amendments are made prior to incurring the actual expenditures.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission will ensure that future budget amendments are made prior to incurring the actual expenditures.

2. Officials' Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Perry County's Associate County Commissioners' salaries were each increased approximately \$4,100 yearly, according to the information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute

violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,200 for the two years December 31, 2000, should be repaid.

WE RECOMMEND the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission along with the Prosecuting Attorney feel that the raises given to Associate Commissioners in mid-term were authorized by Section 50.333.13 and approved by the Perry County Salary Commission. In light of the Missouri Supreme Court decision handed down May 15, 2001, the County Commission and the Perry County Salary Commission will not offer or approve mid-term salary increases for county officials.

3.

Housing of Prisoners

- A. The county houses prisoners for various political subdivisions but only has a written contract with the United States Department of Justice. The county received approximately \$166,000 and \$143,000 for housing prisoners during the years ended December 31, 2000 and 1999, respectively. Currently, the Sheriff's department charges the Department of Justice, Military Agencies, and the City of St. Louis \$45 a day; however, the City of Perryville is charged \$20 a day, and the county of Cape Girardeau is charged \$35 a day, per inmate. The Sheriff indicated the various rates are established depending on whether the county has to transport the prisoners; however, the rates and the justification for the rate variances were not documented. The County Commission and Sheriff should develop written contracts with those entities regarding inmate housing and related fees. The County Commission and Sheriff should periodically review the costs of operating the jail, including any indirect costs, and establish an appropriate billing rate for all political subdivisions housing prisoners in the county jail.
- B. No written contract exists with the local restaurant which provides meals to inmates in the county jail. The county paid approximately \$47,000 and \$40,200 in food costs for inmates for the years ended December 31, 2000 and 1999, respectively. In addition, the county has not obtained bids for this service in several years. While a verbal agreement has been in place for several years, it is imperative the County solicits bids and enters into a written contract for the meals to be provided.

Section 432.070, RSMo 1994, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party. Bidding procedures provide a framework for the economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder.

WE RECOMMEND the County Commission and Sheriff establish a billing rate appropriate for housing inmates in the County jail, solicits bids for the services of providing meals to the inmates, and enter into written contracts as required by law.

AUDITEE'S RESPONSE

The County Commission provided the following response:

The County Commission will work with the Sheriff to establish a billing rate appropriate for housing inmates in the County jail and also solicit bids for the services of providing meals to the inmates. They will enter into written contracts with the providers of these services.

4. Prosecuting Attorney's Controls and Procedures
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The Prosecuting Attorney's office collects fees and restitution on bad checks and court-ordered restitution monies. The Prosecuting Attorney's office policy requires bad check offenders to remit two money orders, one payable to the merchant for restitution and one payable to the county for the administrative fee. A bank account is maintained for depositing court-ordered restitution payments. During our review of these activities and the related records and accounting controls, we noted the following concerns:

- A. Money orders for bad check administrative fees and court-ordered restitution monies are not transmitted or deposited timely. The County Treasurer's records indicate the administrative fees are transmitted approximately twice a month. On November 15, 2000, \$1,075 in bad check administrative fees was transmitted to the County Treasurer which included monies collected for a two-week period. During December 2000, three deposits were made into the court ordered restitution account equaling \$600, \$236, and \$478 on December 1, 8, and 22, respectively.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer or deposited intact daily or when accumulated receipts exceed \$100.

- B. Receipt slips issued by the Prosecuting Attorney's office for the receipt of restitution monies are not pre-numbered. The clerks number the receipt slips consecutively as they are written.

To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence should be accounted for properly.

- C. Money orders received for court-ordered restitution are not restrictively endorsed immediately upon receipt. Endorsements are applied when the monies are deposited; however, as stated above, deposits are not made on a timely basis. To adequately safeguard receipts, all money orders should be restrictively endorsed immediately upon receipt.

- D. The office procedure is to accumulate partial payments on restitution cases until significant amounts have been received and then distribute the funds to the victims. As of December 31, 2000, the reconciled cash balance of the court ordered restitution account was approximately \$25,500. This money has been collected on behalf of the victims and by order of the court to pay restitution. As of December 31, 2000, one account had been credited with five payments, accumulating a balance of approximately \$1,300 since the last distribution to the victims, and another account had been credited with eight payments, accumulating a balance of approximately \$800 with no distribution being made to the victims. We noted several accounts that had undistributed balances of over \$100.

To expedite the distribution of restitution to victims and to reduce the amount of open items necessary to be accounted for, the Prosecuting Attorney's office should consider distributing restitution payments to the victims on a more timely basis.

- E. The court-ordered restitution account's reconciled cash balance as of December 31, 2001, included several outstanding checks. Outstanding checks totaling approximately \$580 have remained in the account, dating from May 1997 through April 1999. Outstanding checks should be periodically reviewed to determine if the payees can be readily located and if there is a need to reissue the checks. If payees cannot be located, Chapter 447 RSMo 2000, which relates to unclaimed property, should be used to disburse these monies.

Conditions A, B, C, and D were mentioned in our prior report. Although the Prosecuting Attorney then indicated our recommendations had been or would be implemented, our current review indicates they have not yet been implemented.

WE RECOMMEND the Prosecuting Attorney:

- A. Transmit/deposit administrative fees and court-ordered restitution monies daily or when accumulated receipts exceed \$100.
- B. Issue prenumbered receipt slips for all monies received.
- C. Restrictively endorse all money orders immediately upon receipt.
- D. Consider distributing restitution payments to victims on a more timely basis.
- E. Periodically investigate outstanding checks. In addition, the Prosecuting attorney should attempt to identify to whom the \$580 belongs, and disburse the funds appropriately. If this cannot be determined, the excess monies should be turned over to the state's Unclaimed Property Section in accordance with state law.

AUDITEE'S RESPONSE

The Prosecuting Attorney provided the following responses:

- A. *Deposits or transmittals are now being made for Court ordered restitution and administrative fees (bad check account) on a weekly basis. Deposits or transmittals are made each Friday; however, in the event a large amount of money is received a deposit will be made immediately.*
- B. *This office is investigating the availability of prenumbered receipt slips and is running into a few problems as follows: We keep track of the restitution open items accounts on the computer and restitution payments are recorded and tracked by their receipt numbers. Since many accounts are on-going for several years, we require a consecutive numbering system that is open ended. What we are finding is a set of receipt books that start over with the same numbers upon the purchase of new books. If we could find a company that would do unlimited continuous receipts or, in the alternative, a company that would put the year in front of the receipt number (e.g. 02-1001) it would be much more helpful. Also, we are finding that this is much more expensive than purchasing unnumbered receipts from our local supply store.*
- C. *All incoming money for either court ordered restitution or bad check administrative charges are received in the form of money orders or cashiers check made payable to either "Prosecuting Attorney" or "Perry County". A stamp will be ordered to properly endorse the back of all money orders received and such money orders/cashier's checks will be endorsed immediately upon receipt.*
- D. *Restitution payments come into this office as little as once a week or as often as 20 times a week. Many payments are made for as little as \$5 or \$10, when the defendant may owe over \$1,000 to 10 or 12 different victims. Dividing each payment over the number of victims often*

calls for excessive manpower to write the checks, as well as more expense on our part in issuing the checks and mailing them out (@ \$.34 per envelope). We try to pay out each victim as he/she is paid in full, and sometimes this takes quite a while; however, attempts will be made to pay out monies received in a more timely fashion.

- E. *This matter has already been taken care of. My office issued a check to the "Unclaimed Funds Account" on or about October 12, 2001, for all checks that were outstanding for over one year. That check was delivered to Perry County Treasurer, Ronnie Hershey, along with information on each check as to name of defendant, file number, amount of restitution, etc. Ms. Hershey has been able to track down some of the victims, and she will be re-issuing checks to the victims out of that account. Regarding other checks that are outstanding less than one year, this office has contacted the victims and advised them of the large number of outstanding checks. They have been informed of our new procedure to turn these funds over to the "Unclaimed Funds Account" if their checks have not been negotiated within a one year period of time.*

This report is intended for the information of the management of Perry County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

PERRY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Perry County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1996. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgetary Practices and Published Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. Budgets were exceeded and not properly amended, and a few amendments caused budgeted fund balances to become deficit.
- C. Other available resources, where applicable, were not included in the 1996 budget.
- D. Annual published financial statements of the county did not include the financial activity of some county funds.

Recommendation:

The County Commission:

- A. Require the County Clerk to prepare or obtain budgets for all county funds and file them with the State Auditor's office as required by state law.
- B. Adequately monitor actual disbursements compared to budgeted amounts and not authorize warrants in excess of budgeted disbursements. Extenuating circumstances should be fully documented and, if necessary, budgets properly amended following the same process by which the annual budget was approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, deficit fund balances should not be budgeted.
- C. Include all beginning available resources on future budgets.
- D. Include all county funds in the published financial statements.

Status:

- A. See our audit report on Perry County, Missouri, for the two years ended December 31, 1998 (report number 99-111).

- B. Partially implemented. The county amends their budgets; however this is done at year end. See MAR finding number 1.

C&D. Implemented.

2. Federal Financial Assistance

- A. The county did not have a written policy or drug-free awareness program in place.
- B. The County overpaid an individual \$20,000 when they failed to reduce the purchase price of a piece of property acquired in the flood buyout program by the entire amount of the flood insurance payment.

Recommendation:

The County Commission:

- A. Establish a written drug-free workplace policy and applicable drug-free awareness programs to ensure compliance with the Drug-Free Workplace Act. The drug-free workplace policy and programs should be adequately communicated to all county employees who perform functions associated with federal funds.
- B. Continue in its efforts to recoup the \$20,000 and remit this to the funding agency.

Status:

- A. Implemented.
- B. Not implemented; however, all agencies involved have agreed to cease efforts to recoup this money.

3. Prosecuting Attorney's Office Expenses

No distinction was made between county business and private business on the timesheets submitted to the county clerk. No written agreement existed between the county and Prosecuting Attorney distinguishing between the use of public and private resources.

Recommendation:

The County Commission enter into a written agreement with the Prosecuting Attorney outlining the specific arrangements regarding use of and reimbursement for use of his personal office for county business. The basis for the arrangements should be documented and retained. Appropriate and accurate time sheets should be submitted.

Status:

Partially implemented. The Prosecuting Attorney's office and the County Commission entered into a written agreement outlining the specific arrangements; however, the time sheet procedure has not changed. Although not repeated in our current MAR, our recommendation remains as stated above.

4. Prosecuting Attorney's Records and Accounting Controls

- A. Accounting duties were not adequately segregated.
- B.1. The Prosecuting attorney's office did not sequentially number and account for bad check information forms as they were received.
 - 2. The Prosecuting Attorney did not remit bad check restitution and fees to the merchants or the County Treasurer on a timely basis.
- C.1. Receipt slips issued by the Prosecuting Attorney's office for restitution ordered by the courts were rediform receipts rather than official prenumbered receipts slips.
 - 2. Receipts were not deposited on a timely basis.
 - 3. A listing of liabilities (open items) was not prepared.
 - 4. The office procedure was to accumulate partial payments on restitution cases until all monies had been received prior to making distribution to the victim.
 - 5. Money orders received for court ordered restitution were not restrictively endorsed immediately upon receipt.

Recommendation:

The Prosecuting Attorney:

- A. Adequately segregate accounting duties and document periodic reviews of the accounting records.
- B.1. Sequentially number and account for bad check information forms as they are filed.
 - 2. Establish procedures to ensure bad check restitution and fees received are transmitted on a timely basis.
- C.1. Issue official prenumbered receipt slips for all monies received.

2. Deposit receipts daily or when accumulated receipts exceed \$100.
3. Prepare an open items listing monthly and agree the listing to the reconciled cash balance.
4. Consider distributing restitution payments to victims as they are received.
5. Restrictively endorse all money orders immediately upon receipt.

Status:

A,B.1,
& C.3. Implemented.

B.2. Partially implemented. The Prosecuting Attorney's personnel indicated they immediately notify the merchant upon the receipt of the restitution payment; however, the bad check fees are not turned over to the County Treasurer timely. See MAR finding number 4.

C1-2, &
C4-5. Not Implemented. See MAR finding number 4.

5. Sheriff's Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Monies in the Sheriff Reserve Fund were not held by the County Treasurer to allow the County Commission to authorize their use. The balance of this fund and it's intended use were not reported to the County Commission to assist in the preparation of the county budget.
- C. Profits made from the commissary sales were not turned over to the county, but instead were used to make miscellaneous purchases for the jail.

Recommendation:

The Sheriff:

- A. Adequately segregate the record keeping duties and document periodic reviews of the accounting records.
- B. Distribute the remaining balance in this fund to the County Treasurer to be placed in a special fund established by the County Commission. Expenditures required by the Sheriff from this fund should be made by duly authorized warrants.

- C. Discontinue the practice of maintaining commissary profits outside the county treasury and expending such monies. These profits should be turned over to the County Treasurer on a periodic basis.

Status:

A&B. Implemented.

- C. Partially implemented. A budget is prepared and approved by the County Commission for this fund; however, the account is still held by the Sheriff. Although not repeated in our current MAR, our recommendation remains as stated above.

6. Health Department's Accounting Controls and Procedures

- A.1. The method of payment was not always indicated on receipts slips issued by the health department.
 - 2. Receipts were not deposited on a timely basis.
- B. Indication of receipts of goods and services was not documented on invoices by the employee receiving the goods and services.
- C. The bond for the board treasurer and employees who handle health department monies was not adequate.
- D.1 The amount of collateral security pledged by one of the health department depository banks was insufficient by more than \$17,000
 - 2. The Health Department Board had not rebid its depository agreement with one of its depository banks.

Recommendation:

The Health Department Board of Trustees:

- A.1. Ensure the method of payment is recorded on all receipt slips and the composition of receipts is reconciled to the composition of bank deposits.
 - 2. Deposit receipts daily or when accumulated receipts exceed \$100.
- B. Require acknowledgment of the receipt of goods and services prior to the approval of an invoice for payment.

- C. Reevaluate current bond coverage and modify as necessary to adequately protect the health department funds.
- D. Enter into a written depositary agreement with all banks which hold health department monies and ensure the collateral securities are pledged for all funds on deposit in excess of FDIC coverage as required by state law.

Status:

A.1,B,
C&D. Implemented.

A.2. Not implemented. Although not repeated in our current MAR, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

PERRY COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1820, the county of Perry was named after Oliver Perry, a naval hero of the War of 1812. Perry County is a county-organized, third-class county and is part of the 32nd Judicial Circuit. The county seat is Perryville.

Perry County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Perry County received its money in 2000 and 1999 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 988,145	30	1,006,833	31
Sales taxes	971,394	29	892,624	28
Federal and state aid	755,516	23	752,399	23
Fees, interest, and other	598,173	18	586,477	18
Total	\$ 3,313,228	100	3,238,333	100

The following chart shows how Perry County spent monies in 2000 and 1999 from the General Revenue and Special Road and Bridge Funds:

USE	2000		1999	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,301,544	38	1,146,484	39
Public safety	733,278	21	648,372	22
Highways and roads	1,434,716	41	1,165,943	39
Total	\$ 3,469,538	100	2,960,799	100

The county maintains approximately 167 county bridges and 400 miles of county roads.

The county's population was 14,393 in 1970 and 17,173 in 1990. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2000	1999	1985*	1980**	1970**
		(in millions)				
Real estate	\$	121.3	119.4	53.6	37.2	18.9
Personal property		83.5	72.1	16.8	13.3	6.3
Railroad and utilities		23.7	22.0	13.7	14.7	8.6
Total	\$	228.5	213.5	84.1	65.2	33.8

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Perry County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2000	1999
General Revenue Fund	\$.18	.18
Special Road and Bridge Fund*		.29	.29
Health Center Fund		.18	.18
Senate Bill 40 Board Fund		.09	.09
Mental Health Fund		.09	.09
Hospital Maintenance Fund		.09	.09

* The county retains all tax proceeds from areas not within road districts. The county had one road district that receives four-fifths of the tax collections from property within the district, and the Special Road and Bridge Fund retained one-fifth. The road district also had an additional levy approved by the voters. This road district was dissolved by the voters on July 28, 1999. On September 23, 1999 the county received \$24,408 from the road district. The county did not assume any liabilities from the road district.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

Year Ended February 28 (29),		
	2001	2000
State of Missouri	\$ 64,373	66,679
General Revenue Fund	392,329	406,108
Special Road and Bridge Fund	611,161	634,278
Assessment Fund	84,009	86,958
Health Center Fund	375,489	389,808
Senate Bill 40 Fund	192,274	199,210
School districts	5,911,453	6,128,758
Library district	192,274	199,210
Interest	8,533	6,788
Levee District	133,490	137,153
Hospital Fund	192,274	199,210
Nursing Home Fund	19	213
Mental Health Fund	192,274	199,210
Cities	87,615	86,204
County Clerk	148	124
County Employees' Retirement	21,204	21,587
Commissions and fees:		
General Revenue Fund	131,215	135,975
Total	\$ <u>8,590,134</u>	<u>8,897,473</u>

Percentages of current taxes collected were as follows:

Year Ended February 28 (29),		
	2001	2000
Real estate	97 %	97 %
Personal property	71	96
Railroad and utilities	100	100

Perry County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	50 %
Local Park Fund	.0050	2017	0

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2001	2000	1999
County-Paid Officials:			
Thomas H. Sutterer, Presiding Commissioner	\$	27,308	26,103
Dennis E. Lohmann, Associate Commissioner		25,308	24,103
Michael E. Yamnitz, Associate Commissioner		25,308	24,103
Randy Taylor, County Clerk		38,346	36,520
Thomas L. Hoeh, Prosecuting Attorney		47,124	44,880
Gary J. Schaaf, Sheriff		39,900	38,000
Veronica Hershey, County Treasurer		28,376	27,025
Herbert E. Miller, County Coroner		6,825	9,125
Jim Taylor, Public Administrator *		13,922	13,050
Rodney J. Richardet, County Collector, year ended February 28 (29),	38,730	36,573	
Larry W. White, County Assessor **, year ended August 31,		37,737	36,373
Ken Baer, County Surveyor ***		0	0

* Includes fees received from probate cases.

** Includes \$900 annual compensation received from the state.

*** Compensation on a fee basis.

State-Paid Officials:

Becky A. Paulus, Circuit Clerk and Ex Officio Recorder of Deeds	46,127	44,292
Michael Bullerdieck, Associate Circuit Judge	97,382	87,235

A breakdown of employees (excluding the elected officials) by office at December 31, 2000, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds (1)	3	4
County Clerk (2)	3	0
Prosecuting Attorney	3	0
Sheriff (3)	27	0
County Treasurer	0	0
County Coroner	0	0
Public Administrator	0	0
County Collector (4)	2	0
County Assessor (2)	5	0
County Surveyor	0	0
Associate Division	0	3
Probate Division	0	1
Road and Bridge	13	0
Health Center (5)	17	0
Total	<u>73</u>	<u>8</u>

- (1) Includes one part-time employee for the county.
- (2) Includes two part-time employees.
- (3) Includes six part-time employees.
- (4) Includes one part-time employee.
- (5) Includes three part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Perry County's share of the 32nd Judicial Circuit's expenses is 18.34 percent.

Revenue Bonds dated 1997, 1998, and 1999 were issued in the original amount of \$5,785,000, \$3,970,000, \$685,000 respectively, for the purpose of constructing the multi-purpose building. Bond principal is due annually on May 1 for all three sets of Bonds. Interest is due semi annually on May 1 and November 1 for all three sets of Bonds. At December 31, 2000, Perry County had \$5,235,000 for the 1997 Bonds, \$3,955,000 for the 1998 Bonds, and \$660,000 for the 1999 Bonds outstanding.

In April 1991 the County entered into a lease purchase agreement for \$275,000 to purchase the administration building. At December 31, 2000 the agreement had a balance of \$18,959.

In July 1999, the County entered into a lease purchase agreement for \$431,326 to purchase the building for health services. The County entered an agreement with the Health Center Board and the Mental Health Center Board for lease payments to cover the lease purchase agreement amounts. At December 31, 2000 the agreement had a balance of \$394,100.